



State of Louisiana
DIVISION OF ADMINISTRATION

OFFICE OF STATE UNIFORM PAYROLL

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OFFICE OF STATE UNIFORM PAYROLL MEMORANDUM #2000-32

TO: All UPS Agencies

FROM: Ronald S. Mitchell
Director

SUBJECT: W-2c Guidelines for 1999 Flexible Benefits (Cafeteria) Plan Corrections

Agency personnel are responsible for determining if adjustments to 1999 Flexible Benefits Plan deductions and Forms W-2c are necessary. The monthly Flexible Benefits Plan Reconciliation Reports provided by Group Benefits are a good starting point for review. (Please refer to OSUP Memorandum #2000-15 for information about this report.) If Forms W-2c are necessary, agencies must notify the employees affected at the time Forms W-2 are released, prepare and process the necessary adjustments, and prepare and process Forms W-2c. Agencies must keep detailed records of all documentation used as backup for each Form W-2c processed.

Each agency is responsible for information reported on Forms W-2 at year-end. **Therefore, every effort should be made to ensure that information in UPS is correct before 1999 Forms W-2 are produced.** Please refer to OSUP Memorandum #2000-09 for information about reviewing employee's records prior to year-end. If an adjustment for 1999 Flexible Benefits Plan deductions is not processed until 2000, a Form W-2c may be required. Attached are some guidelines and procedures for agencies to follow in determining if a Form W-2c, due to a Flexible Benefits Plan deduction correction, is necessary. The guidelines are separated based on whether or not the employee affected does or does not have gross wages in 2000.

Agencies need to be careful when processing adjustments for Flexible Benefits Plan deductions that do or do not require Forms W-2c because of the Gross to Net Processing in UPS (see On-Line System User's Manual, appendix pages 33-35). In the Gross to Net processing, participating deductions are processed before non-participating deductions. If all conditions in the following situations (see attached) are not met, agencies may need to process a Supplemental document and adjust the necessary taxes. Cafeteria balances will be updated accordingly.

If there are any questions on the material in this memorandum, please contact one of the following members of the User Services Unit at area code (225):

Karen Antoine 342-5354
Lawanna Green 342-5345

Debbie Causey 342-5377
Paula Rotolo 342-5357

RSM:DCC/kmb

Attachments (2)

EMPLOYEE HAS 2000 GROSS WAGES:

1999 SHELTERED (Participating) DEDUCTION SHOULD HAVE BEEN...		
Sheltered (Was Miscoded)	Non Sheltered	Not Deducted
NO W-2C REQUIRED	NO W-2C REQUIRED	NO W-2C REQUIRED
Change deduction code/amount to correct code/amount, if necessary.	Refund Participating. (Gross Pay must exceed taxes withheld). *	Refund Participating. *
	1-Time Non-Participating.	
	Stop incorrect deduction.	Stop incorrect deduction, if necessary.
	Set up correct deduction, if necessary.	

1999 NON SHELTERED (Non-Participating) DEDUCTION SHOULD HAVE BEEN...		
Sheltered	Non Sheltered (Miscoded)	Not Deducted
NO W-2C REQUIRED	NO W-2C REQUIRED	NO W-2C REQUIRED
Refund Non-Participating.	Change deduction code/amount to correct code/amount, if necessary.	Refund Non-Participating.
1-Time Participating. (Gross Pay must exceed the 1-time).		
Stop incorrect deduction.		Stop incorrect deduction, if necessary.
Set up correct deduction, if necessary.		

* If cafeteria balances become negative when adjustments are processed and the employee has gross wages paid in 2000, process a positive OTTXY and a positive CAFEY balance adjustment for the negative amount.

NOTE: If a Participating or Non-Participating deduction should have been taken in 1999, but was not, no W-2c is required. Set up the correct deduction and process a one-time.

EMPLOYEE DOES NOT HAVE 2000 GROSS WAGES:

1999 SHELTERED (Participating) DEDUCTION SHOULD HAVE BEEN...		
Sheltered (Was Miscoded)	Non Sheltered	Not Deducted
NO W-2C REQUIRED	PREPARE W-2C **	PREPARE W-2C **
No action necessary because employee is terminated.	Collect SS/Medi taxes from employee, if necessary.	Refund Participating (appropriate taxes should be withheld).
	Pay SS/Medi taxes. ***	
	Process Balance Adjustments to remove the 1999 SS/Medi wages and taxes collected/paid from UPS 2000 records. ****	Process Balance Adjustments to remove effects of refund from 2000 records. ****

1999 NON SHELTERED (Non-Participating) DEDUCTION SHOULD HAVE BEEN...		
Sheltered	Non Sheltered (Was Miscoded)	Not Deducted
PREPARE W-2C **	NO W-2C REQUIRED	NO W-2C REQUIRED
Process negative ADJMW or ADJFW, if necessary.	No action necessary because employee is terminated.	Refund Non-Participating.
Submit UPR/F4W2, Balance Adjustment Request, to OSUP to remove the ADJMW/FW effects from UPS 2000 records. ****		

** Forms W-2c adjust Federal/State WAGES **and/or** Social Security/Medicare WAGES and TAXES. When a Form W-2c is processed, the appropriate Form(s) 941 must be amended and filed with a Form 941c. For further instructions on amending Forms 941 and Forms 941c, please refer to OSUP Memorandum #2000-31 and the 941/L3 & W-2 Training Class materials.

*** If state share and/or employee share of Social Security/Medicare taxes is due, do one of the following:

1. EMPLOYEE SHARE and STATE SHARE: Collect net amount from employee or produce a check from the agency imprest fund for employee share. Process a Negative Net Supplemental with a PIV. (SAPM Section 2.04)
2. STATE PAYS BOTH SHARES: Process a Zero Net Supplemental. Wages times the percent (2.9 or 12.4) should equal the state share of taxes. Zeros must be entered for the employee's share and the net pay. (SAPM Section 2.06)

****See the appendix of the On-Line System User's Manual for balance adjustment codes. Refer to OSUP Memorandum #2000-10 for further details on Form UPR/F4W2 preparation.

NOTE: If a participating or Non-Participating deduction should have been taken in 1999, but was not, no Form W-2c is required.